Stora Enso Fourth Quarter and Full Year Results 2014

Transformation in progress, clear improvement in results, dividend proposal stable at EUR 0.30

*Q4/2014 (compared with Q4/2013)**

- **Sales at EUR 2 552 (EUR 2 612) million declined by 2.3%, sales excluding the structurally declining paper and divested businesses increased 1.4%.**
- **Operational EBIT EUR 209 (EUR 152) million, 38% higher than a year ago due to cost management.**
- **Cash flow from operations EUR 442 (EUR 462) million, cash flow after investing activities EUR 178 (EUR 246) million.**
- **Net debt to operational EBITDA 2.6 (2.9); liquidity EUR 1.4 (EUR 2.1) billion.**
- **Operational ROCE 9.7% (7.0%); operational ROCE excluding transformational investment projects 13.1% (9.0%).**

*Full year 2014 (compared with 2013)**

- **Sales EUR 10 213 (EUR 10 563) million declined by 3.3%, sales excluding paper and divested businesses increased 1.3%.**
- **Operational EBIT EUR 810 (EUR 578) million, an increase of EUR 232 million or 40%, due to lower costs.**
- **EPS excluding non-recurring items EUR 0.40 (EUR 0.40).**
- **Strong cash flow from operations at EUR 1 139 (EUR 1 252) million, cash flow after investing activities EUR 255 (EUR 481) million.**

Transformation

- **Stora Enso's share of Montes del Plata Pulp Mill production in 2014 was 240 000 tonnes and the mill reached break-even in December.**
- **Stora Enso Guangxi consumer board mill construction proceeding. It is expected to be operational in mid-2016. The previous target was set for early 2016.**
- **Conversion of Varkaus Mill fine paper machine in Finland for virgin-fibre-based containerboard is proceeding as planned and expected to start at the end of 2015.**

Restructuring and non-core asset divestments

- **The divestment of the Corenso business operations was completed on 1 December 2014.**
- **The previously announced divestment of Uetersen Mill is expected to be completed during Q1/2015.**

Outlook

Q1/2015 sales are estimated to be roughly similar to the amount of EUR 2 552 million of Q4/2014. Operational EBIT is expected to be in line with the amount of EUR 209 million recorded in Q4/2014.

***** *The data for the comparative periods in 2013 have been restated following adoption of the new reporting standards: IFRS 10* Consolidated Financial Statements*, IFRS 11* Joint Arrangements *and IFRS 12* Disclosure of Interests in Other Entities*. Data for the comparative periods have been restated in all tables affected. For further details, see 'Basis of Preparation' on page 17.*

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KEY FIGURES*

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	2 552	2 612	-2.3%	2 514	1.5%	10 213	10 563	-3.3%
Operational EBITDA	308	260	18.5%	333	-7.5%	1 269	1 090	16.4%
Operational EBITDA margin	12.1%	10.0%		13.2%		12.4%	10.3%	
Operational EBIT	209	152	37.5%	210	-0.5%	810	578	40.1%
Operational EBIT margin	8.2%	5.8%		8.4%		7.9%	5.5%	
Operating loss/profit (IFRS)	-95	-210	54.8%	215	-144.2%	400	50	n/m
Profit before tax excl. NRI	32	111	-71.2%	116	-72.4%	399	350	14.0%
Loss/profit before tax	-193	-281	31.3%	144	-234.0%	120	-189	163.5%
Net loss/profit for the period	-134	-160	16.3%	123	-208.9%	90	-71	226.8%
Capital expenditure	280	278	0.7%	227	23.3%	781	760	2.8%
Depreciation and impairment charges excl. NRI	134	136	-1.5%	140	-4.3%	547	603	-9.3%
Net interest-bearing liabilities	3 274	3 191	2.6%	3 459	-5.3%	3 274	3 191	2.6%
Operational ROCE	9.7%	7.0%		9.7%		9.5%	6.5%	
Earnings per share (EPS) excl. NRI, EUR	0.06	0.15		0.12		0.40	0.40	
EPS (basic), EUR	-0.15	-0.18		0.15		0.13	-0.07	
Return on equity (ROE)	-10.1%	-11.9%		9.2%		1.7%	-1.3%	
Debt/equity ratio	0.65	0.61		0.66		0.65	0.61	
Net debt/last 12 months' operational EBITDA	2.6	2.9		2.8		2.6	2.9	
Equity per share, EUR	6.43	6.61		6.65		6.43	6.61	
Average number of employees	27 987	28 453	-1.6%	29 627	-5.5%	29 009	28 921	0.3%
TRI rate	12.4	11.9	4.2%	14.1	-12.1%	12.5	14.0	-10.7%
LTA rate	5.2	5.3	-1.9%	6.0	-13.3%	5.2	6.0	-13.3%

** Data for the comparative periods in 2013 have been restated following adoption of the new reporting standards: IFRS 10* Consolidated Financial Statements*, IFRS 11* Joint Arrangements *and IFRS 12* Disclosure of Interests in Other Entities*. Data for the comparative periods have been restated in all tables affected. For further details, see 'Basis of Preparation' on page 17.*

***Operational EBIT** comprises the operating profit excluding NRI and fair valuations of the segments and Stora Enso's share of the operating profit excluding NRI and fair valuations of its equity-accounted investments (EAI). Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets and the Group's share of tax and net financial items of EAI.*

***NRI** = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs or reversals of write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally disclosed individually if they exceed one cent per share.*

***TRI** (Total recordable incidents) rate = number of incidents per one million hours worked.*

***LTA** (Lost-time accident) rate = number of lost-time accidents per one million hours worked.*

STORA ENSO DELIVERIES AND PRODUCTION

	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Board deliveries, 1 000 tonnes	852	831	2.5%	903	-5.6%	3 507	3 373	4.0%
Board production, 1 000 tonnes	822	850	-3.3%	903	-9.0%	3 489	3 410	2.3%
Paper deliveries, 1 000 tonnes	1 520	1 607	-5.4%	1 480	2.7%	6 006	6 525	-8.0%
Paper production, 1 000 tonnes	1 512	1 577	-4.1%	1 476	2.4%	6 034	6 501	-7.2%
Wood products deliveries, 1 000 m^3	1 102	1 247	-11.6%	1 120	-1.6%	4 646	4 930	-5.8%
Market pulp deliveries, 1 000 tonnes	413	335	23.3%	349	18.3%	1 371	1 180	16.2%
Corrugated packaging deliveries, million m^2	287	277	3.6%	283	1.4%	1 104	1 086	1.7%

RECONCILIATION OF OPERATIONAL PROFITABILITY

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Operational EBITDA	**308**	**260**	**18.5%**	**333**	**-7.5%**	**1 269**	**1 090**	**16.4%**
Equity accounted investments (EAI), operational*	35	28	25.0%	17	105.9%	88	91	-3.3%
Depreciation and impairment excl. NRI	-134	-136	1.5%	-140	4.3%	-547	-603	9.3%
Operational EBIT	**209**	**152**	**37.5%**	**210**	**-0.5%**	**810**	**578**	**40.1%**
Fair valuations and non-operational items**	-79	30	n/m	-23	-243.5%	-131	11	n/m
Non-recurring items	-225	-392	42.6%	28	n/m	-279	-539	48.2%
Operating Profit (IFRS)	**-95**	**-210**	**54.8%**	**215**	**-144.2%**	**400**	**50**	**n/m**

* *Group's share of operational EBIT of equity accounted investments (EAI).*

** *Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets and the Group's share of tax and net financial items of EAI.*

Q4/2014 RESULTS (compared with Q4/2013)

BREAKDOWN OF SALES CHANGE Q4/2013 TO Q4/2014

	Sales
Q4/2013, EUR million	**2 612**
Price and mix	-
Currency	-
Volume	-1%
Other sales*	-1%
Total before structural changes	-2%
Structural changes**	-
Total	-2%
Q4/2014, EUR million	**2 552**

* *Wood, energy, paper for recycling, by-products, etc.*

** *Asset closures, major investments, divestments and acquisitions*

Group sales at EUR 2 552 million were EUR 60 million lower than the same quarter a year ago. Sales excluding the structurally declining paper and divested businesses increased by EUR 22 million. Operational EBIT was EUR 209 (EUR 152) million, a margin of 8.2% (5.8%). Operational EBIT was affected positively by indirect CO_2 cost subsidy received during the quarter (EUR 6 million), Bergvik Skog land sales (EUR 7 million), and a release of a restructuring provision (EUR 5 million). Fixed asset impairments in Printing and Reading reduced depreciation by EUR 7 million.

Sales prices in local currencies lowered operational EBIT by EUR 8 million, as deteriorated paper prices were partly offset by better pulp, board and wood product prices. Lower sales volumes in paper and wood products were offset by higher sales volumes in Biomaterials, driven by Montes del Plata.

Clearly lower fixed costs improved operational EBIT by EUR 28 million. Variable costs were also EUR 10 million lower than a year ago, driven by lower energy and fibre costs. Paper production was curtailed by 8% (11%), board production by 11% (9%), and sawn wood production by 7% (3%) to reduce working capital.

Lower depreciation in Printing and Reading, mainly due to the impairment of fixed assets recorded in the fourth quarter of 2014, was offset by higher depreciation in Biomaterials, due to Montes del Plata. Net foreign exchange rates had a positive impact of EUR 12 million on group operational EBIT. The result in equity accounted investments, mainly in the forest associates, increased by EUR 7 million.

Fair valuations and non-operational items had a negative EUR 79 (positive EUR 30) million impact mainly due to a fair valuation of forest assets in Guangxi Integrated Project and Operations related to a change in the harvesting plan and future cost estimates.

Earnings per share (EPS) excluding non-recurring items was EUR 0.06 (EUR 0.15).

The Group recorded non-recurring items (NRI) with a negative impact of approximately EUR 225 million in its operating profit and a positive impact of approximately EUR 53 million on income tax in the fourth quarter of

2014. The NRI include a negative item of approximately EUR 204 million mainly due to fixed asset impairments in Printing and Reading related to further weakened long-term earnings expectations resulting from a decline in the European paper markets; a negative item in Printing and Reading of approximately EUR 30 million due to fixed asset impairments and inventory write-downs related to the previously announced, ongoing disposal of Uetersen Mill in Germany, which is estimated to be completed during the first quarter of 2015, and a positive item in Renewable Packaging of approximately EUR 9 million due to the previously announced disposal of the Corenso business operations, which was completed on 1 December 2014.

Net financial expenses at EUR 98 million were EUR 27 million higher than a year ago driven by foreign currency movements. The net interest expenses decreased by EUR 2 million due to a lower gross debt level. The fair valuation of interest rate derivatives had a comparatively positive impact of EUR 12 million. The net foreign exchange impact in the fourth quarter in respect of cash, interest-bearing assets and liabilities and related hedges showed a loss of EUR 31 million (gain of EUR 6 million) mainly from the revaluation of EUR loans in Russia and Poland and USD loans in China and Brazil.

The average number of employees in the Group in the fourth quarter of 2014 was 28 000, which is 500 lower than the same quarter a year ago. The average number of employees in Europe was 21 000, which was 1 300 lower than a year ago. In China, the average number of employees was 5 600, which was 900 higher than a year ago.

BREAKDOWN OF CAPITAL EMPLOYED CHANGE – 31 DECEMBER 2013 TO 31 DECEMBER 2014

	Capital Employed
31 December 2013, EUR million	**8 464**
Capital expenditure less depreciation	185
Impairments and reversal of impairments	-225
Valuation of biological assets	-70
Available-for-sale: operative (mainly PVO)	84
Equity-accounted investments	92
Net liabilities in defined benefit plans	-106
Operative working capital and other interest-free items, net	-26
Net tax liabilities	27
Translation difference	69
Other changes	17
31 December 2014, EUR million	**8 511**

The operational return on capital employed in the fourth quarter of 2014 was 9.7% (7.0%). Excluding ongoing transformational investments in Biomaterials and Renewable Packaging, namely Montes del Plata Pulp Mill and Guangxi Integrated Project and Operations, the operational return on capital employed would be 13.1% (9.0%).

FULL YEAR 2014 RESULTS (compared with 2013)

BREAKDOWN OF SALES CHANGE 2013 TO 2014

	Sales
2013, EUR million	**10 563**
Price and mix	-
Currency	-1%
Volume	-1%
Other sales*	-
Total before structural changes	-2%
Structural changes**	-1%
Total	-3%
2014, EUR million	**10 213**

** Wood, energy, paper for recycling, by-products, etc.*
*** Asset closures, major investments, divestments and acquisitions*

Sales of EUR 10 213 million were EUR 350 million or 3% lower than a year earlier mainly due to structural changes in paper resulting in lower paper prices in local currencies and lower paper delivery volume. Sales excluding structural declining paper and divestments were EUR 6 152 million, up EUR 77 million.

Operational EBIT was EUR 232 million higher than the previous year at EUR 810 million and the operational EBIT margin increased from 5.5% to 7.9%. Lower variable costs, mainly in energy, chemicals and wood raw material, improved operational EBIT by EUR 90 million. Lower fixed costs increased operational EBIT by EUR 65 million mainly due to the Group streamlining and structure simplification programme which was launched in 2013 and completed in mid-2014. Depreciation was EUR 50 million lower, mainly due to fixed asset impairments in Printing and Reading accounted in 2013. The impact of exchange rates on sales and costs increased operational EBIT by EUR 20 million after hedges.

The share of the operational results of equity-accounted investments amounted to EUR 88 million (EUR 91 million), with the main contributions coming from Bergvik Skog and Tornator.

Net financial expenses at EUR 280 million were EUR 41 million higher than a year ago. Net interest expenses decreased by EUR 19 million due to a lower gross debt level. The fair valuation of interest-rate derivatives had a comparatively negative impact of EUR 9 million. The net foreign exchange impact in 2014 in respect of cash, interest-bearing assets and liabilities and related hedges showed a loss of EUR 42 million (loss of EUR 9 million), mainly from the revaluation of EUR loans in Russian and Polish subsidiaries and USD loans in China and Brazil.

Q4/2014 RESULTS (compared with Q3/2014)

Sales increased by EUR 38 million to EUR 2 552 million. Operational EBIT was EUR 1 million lower than in the previous quarter, at EUR 209 million. Lower depreciation due to fixed asset impairments in Printing and Reading (EUR 7 million), indirect CO_2 cost subsidy received during the quarter (EUR 6 million), Bergvik Skog land sales (EUR 7 million), and a release of a restructuring provision (EUR 5 million) impacted operational EBIT. Sales volumes were EUR 14 million lower, mainly in Renewable Packaging due to seasonality and the Corenso disposal. Sales prices in local currencies were EUR 9 million lower. Seasonally higher fixed costs were more than offset by clearly lower variable costs. The result in equity-accounted investments was clearly higher than the previous quarter, due to higher delivery volumes and capital gains from land disposals.

Q4/2014 FINANCING (compared with Q3/2014)

CAPITAL STRUCTURE

EUR million	31 Dec 14	30 Sep 14	30 Jun 14	31 Mar 14	31 Dec 13
Operative fixed assets*	6 932	7 011	6 856	6 770	6 824
Equity-accounted investments	1 056	1 065	1 068	980	1 013
Operative working capital, net	1 174	1 403	1 340	1 337	1 179
Non-current interest-free items, net	-604	-542	-543	-467	-466
Operating Capital Total	**8 558**	**8 937**	**8 721**	**8 620**	**8 550**
Net tax liabilities	-47	-149	-141	-101	-86
Capital Employed	**8 511**	**8 788**	**8 580**	**8 519**	**8 464**
Equity attributable to owners of the Parent	5 070	5 241	5 093	5 286	5 213
Non-controlling interests	167	171	151	68	60
Net interest-bearing liabilities	3 274	3 459	3 336	3 165	3 191
Held for sale**	-	-83	-	-	-
Financing Total	**8 511**	**8 788**	**8 580**	**8 519**	**8 464**

** Operative fixed assets include property, plant and equipment, goodwill, biological assets, emission rights, available-for-sale operative shares and other intangible assets.*
*** Held for sale relates to the Corenso disposal. For further details, see 'Basis of Preparation' on page 17.*

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 444 million, which is EUR 74 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 1 050 million (EUR 1 050 million).

The net debt was EUR 3 274 million, a decrease of EUR 185 million from the previous quarter, mainly as a result of net cash inflows from operating activities and the disposal of Corenso Business Operations, partly offset by the retranslation of US dollar denominated net debt.

During the fourth quarter of 2014, Stora Enso repaid EUR, SEK and USD bond notes equivalent to a nominal value of EUR 300 million.

The ratio of net debt to operational EBITDA for the prior 12 months was 2.6 (2.8).

The net debt/equity ratio at 31 December 2014 was 0.65 (0.66).

Q4/2014 CASH FLOW

Fourth quarter 2014 cash flow after investing activities was EUR 178 million. Inventories were unchanged, receivables decreased by EUR 100 million and payables increased by EUR 55 million. Payments related to the previously announced restructuring provisions were EUR 20 million.

CASH FLOW

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Operational EBITDA	308	260	18.5%	333	-7.5%	1 269	1 090	16.4%
NRI on operational EBITDA	-11	154	-107.1%	18	-161.1%	-122	37	n/m
Dividends received from equity accounted investments	1	18	-94.4%	1	0.0%	19	38	-50.0%
Other adjustments	7	-168	104.2%	6	16.7%	29	-178	116.3%
Change in working capital	137	198	-30.8%	-101	235.6%	-56	265	-121.1%
Cash Flow from Operations	**442**	**462**	**-4.3%**	**257**	**72.0%**	**1139**	**1 252**	**-9.0%**
Cash spent on fixed and biological assets	-264	-216	-22.2%	-229	-15.3%	-787	-740	-6.4%
Acquisitions of equity-accounted investments	-	-	n/m	-	n/m	-97	-31	-212.9%
Cash Flow after Investing Activities	**178**	**246**	**-27.6%**	**28**	**535.7%**	**255**	**481**	**-47.0%**

CAPITAL EXPENDITURE IN 2014

Additions to fixed and biological assets in 2014 totalled EUR 781 million. Investments in fixed assets and biological assets had a cash outflow impact of EUR 787 million during 2014.

The main projects ongoing during 2014 were Montes del Plata Pulp Mill in Uruguay (EUR 130 million) and Stora Enso Guangxi Integrated Project and Operations in China (EUR 230 million).

CAPITAL EXPENDITURE AND DEPRECIATION FORECAST 2015

EUR million	Forecast 2015
Capital expenditure*	780–840
Depreciation	520–540

* Capital expenditure includes approximately EUR 350 million for the project in Guangxi, China.

NEAR-TERM OUTLOOK

Sales in the first quarter of 2015 are estimated to be roughly similar to the amount of EUR 2 552 million of the fourth quarter of 2014. Operational EBIT is expected to be in line with the amount of EUR 209 million recorded in the fourth quarter of 2014.

SEGMENTS IN Q4/2014 (compared with Q4/2013)

Division Renewable Packaging

Renewable Packaging offers fibre-based packaging materials and innovative packaging solutions for consumer goods and industrial applications. Renewable Packaging operates throughout the value chain, from pulp production to the production of materials and packaging, as well as recycling.

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	812	788	3.0%	851	-4.6%	3 335	3 272	1.9%
Operational EBITDA	127	122	4.1%	180	-29.4%	622	522	19.2%
Operational EBITDA margin	15.6%	15.5%		21.2%		18.7%	16.0%	
Operational EBIT	74	73	1.4%	130	-43.1%	410	318	28.9%
% of sales	9.1%	9.3%		15.3%		12.3%	9.7%	
Operational ROOC*	11.5%	12.2%		20.2%		16.5%	13.3%	
Cash flow from operations	170	146	16.4%	159	6.9%	568	515	10.3%
Cash flow after investing activities	37	87	-57.5%	24	54.2%	188	275	-31.6%
Board deliveries, 1 000 tonnes	852	831	2.5%	903	-5.6%	3 507	3 373	4.0%
Board production, 1 000 tonnes	822	850	-3.3%	903	-9.0%	3 489	3 410	2.3%
Corrugated packaging deliveries, million m^2	287	277	3.6%	283	1.4%	1 104	1 086	1.7%
Corrugated packaging production, million m^2	292	266	9.8%	270	8.1%	1 085	1 057	2.6%

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Lower wood prices and energy costs were partly offset by operational problems and fire after the Skoghall Mill annual maintenance break.
- As announced in October 2014, Stora Enso is investing EUR 27 million to improve quality and cost-competitiveness and to increase the capacity of the consumer board by 20 000 tonnes at its Imatra Mills in Finland.
- Stora Enso Guangxi Integrated Project and Operations construction is proceeding. Construction permits were granted slightly later than anticipated. Construction of the consumer board mill is at full speed and making good progress. The mill is expected to be operational in mid-2016. The previous target was set for early 2016.
- On 1 December 2014, Stora Enso completed the divestment announced on 30 September 2014 of its Corenso business operations to the Finnish packaging materials company Powerflute Oyj. The all-cash consideration was approximately EUR 103 million.

MARKETS

Product	Market	Demand Q4/14 compared with Q4/13	Demand Q4/14 compared with Q3/14	Price Q4/14 compared with Q4/13	Price Q4/14 compared with Q3/14
Consumer board	Europe	Stable	Weaker	Slightly higher	Stable
Corrugated packaging	Europe	Slightly stronger	Stable	Slightly higher	Slightly lower

Division Biomaterials

Biomaterials offers a variety of pulp grades and by-products to meet the demands of paper, board and tissue producers among others. Chemical pulp and its derivatives are excellent raw materials, made from renewable resources in a sustainable manner. Biomaterials comprises three Nordic stand-alone pulp mills and Latin American joint operations Veracel and Montes del Plata together with the associated tree plantations. The division has new operations in the USA for developing technologies for extracting sugars from biomass.

EUR million**	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	314	266	18.0%	284	10.6%	1 104	1 033	6.9%
Operational EBITDA	60	42	42.9%	47	27.7%	173	153	13.1%
Operational EBITDA margin	19.1%	15.8%		16.5%		15.7%	14.8%	
Operational EBIT	34	24	41.7%	24	41.7%	89	77	15.6%
% of sales	10.8%	9.0%		8.5%		8.1%	7.5%	
Operational ROOC*	5.6%	4.6%		4.2%		3.9%	3.8%	
Cash flow from operations	17	42	-59.5%	27	-37.0%	136	114	19.3%
Cash flow after investing activities	-40	-36	-11.1%	-30	-33.3%	-108	-231	53.2%
Pulp deliveries, 1 000 tonnes	583	484	20.5%	528	10.4%	2 076	1 864	11.4%

** Operational ROOC = 100% x Operational EBIT/Average operating capital*
*** Data for the comparative periods have been restated. For further details, see 'Basis of Preparation' on page 17.*

- Higher pulp prices improved operational EBIT. Higher sales volumes driven by the ramp-up of Montes del Plata were offset by higher fixed costs and depreciation related to Montes del Plata.
- There will be a scheduled maintenance break for Montes del Plata in the first quarter of 2015.
- The lignin investment at Sunila Mill in Finland is progressing well, and the first batches of moist lignin have been produced.
- As announced, Stora Enso will establish a new biomaterials business development Innovation Centre that will be located in Stockholm in Sweden.

MARKETS

Product	Market	Demand Q4/14 compared with Q4/13	Demand Q4/14 compared with Q3/14	Price Q4/14 compared with Q4/13	Price Q4/14 compared with Q3/14
Softwood pulp	Europe	Stable	Slightly weaker	Slightly higher	Stable
Hardwood pulp	Europe	Slightly stronger	Stable	Slightly higher	Stable

Division Building and Living

Building and Living provides wood-based innovations and solutions for everyday living and housing needs. The product range covers all areas of urban construction, from supporting structures to interior design and environmental construction. Further-processed products include massive wood elements and housing modules, wood components and pellets, in addition to a variety of sawn timber goods.

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	415	466	-10.9%	429	-3.3%	1 779	1 867	-4.7%
Operational EBITDA	19	30	-36.7%	30	-36.7%	126	115	9.6%
Operational EBITDA margin	4.6%	6.4%		7.0%		7.1%	6.2%	
Operational EBIT	10	19	-47.4%	22	-54.5%	89	75	18.7%
% of sales	2.4%	4.1%		5.1%		5.0%	4.0%	
Operational ROOC*	7.6%	14.4%		16.0%		17.3%	13.9%	
Cash flow from operations	33	43	-23.3%	52	-36.5%	86	125	-31.2%
Cash flow after investing activities	15	30	-50.0%	48	-68.8%	58	97	-40.2%
Deliveries,1 000 m^3	1 066	1 203	-11.4%	1 090	-2.2%	4 493	4 776	-5.9%

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Lower sales volumes due to weak Japanese and MENA markets and higher net raw material costs were only partly offset by higher sales prices in local currencies.
- Murow Sawmill investment is proceeding as planned and is expected to be finalised by the end of the second quarter 2015.
- Stora Enso invests EUR 43 million in a new production line for wooden building elements located in Varkaus, Finland.

MARKETS

Product	Market	Demand Q4/14 compared with Q4/13	Demand Q4/14 compared with Q3/14	Price Q4/14 compared with Q4/13	Price Q4/14 compared with Q3/14
Wood products	Europe	Significantly weaker	Significantly weaker	Slightly higher	Slightly lower

Division Printing and Reading

Printing and Reading is a responsible supplier of paper from renewable sources for print media and office use. Its wide offering serves publishers, retailers, printing houses, merchants, converters and office suppliers, among others. Printing and Reading produces newsprint, book paper, SC paper, coated paper and office paper.

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	984	1 054	-6.6%	959	2.6%	3 912	4 319	-9.4%
Operational EBITDA	109	86	26.7%	84	29.8%	361	290	24.5%
Operational EBITDA margin	11.1%	8.2%		8.8%		9.2%	6.7%	
Operational EBIT	68	36	88.9%	33	106.1%	172	34	n/m
% of sales	6.9%	3.4%		3.4%		4.4%	0.8%	
Operational ROOC*	15.1%	6.1%		6.7%		9.4%	1.4%	
Cash flow from operations	213	179	19.0%	72	195.8%	354	382	-7.3%
Cash flow from operations to sales	21.6%	17.0%		7.5%		9.0%	8.8%	
Cash flow after investing activities	172	123	39.8%	43	300.0%	243	248	-2.0%
Paper deliveries, 1 000 tonnes	1 520	1 607	-5.4%	1 480	2.7%	6 006	6 525	-8.0%
Paper production, 1 000 tonnes	1 512	1 577	-4.1%	1 476	2.4%	6 034	6 501	-7.2%

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Lower volumes due to the structurally declining paper market in Europe and slightly lower sales prices in EUR terms were offset by clearly lower fixed costs due to the Group streamlining and structure simplification programme, an indirect CO_2 cost subsidy received during the quarter, and the release of a restructuring provision. Energy costs were lower due to prices and power plant investment at Kabel Mill in Germany.
- Depreciation was EUR 9 million lower mainly due to fixed asset impairments recorded in the fourth quarter of 2014.
- Kabel, Maxau and Veitsiluoto mills will perform maintenance shut-down in the first quarter of 2015.
- In December, Stora Enso signed an agreement to divest its Uetersen specialty and coated fine paper mill in Germany to a company mainly owned by the private equity fund Perusa Partners Fund 2. The divestment is expected to be completed during the first quarter of 2015.

MARKETS

Product	Market	Demand Q4/14 compared with Q4/13	Demand Q4/14 compared with Q3/14	Price Q4/14 compared with Q4/13	Price Q4/14 compared with Q3/14
Paper	Europe	Weaker	Slightly stronger	Slightly lower	Stable

Other

The segment 'Other' includes the Nordic forest equity-accounted investments, Stora Enso's shareholding in Pohjolan Voima, operations supplying wood to the Nordic mills and Group shared services and administration.

EUR million	Q4/14	Q4/13	Change Q4/14–Q4/13	Q3/14	Change Q4/14–Q3/14	2014	2013	Change 2014–2013
Sales	645	672	-4.0%	579	11.4%	2 567	2 690	-4.6%
Operational EBITDA	-7	-20	65.0%	-8	12.5%	-13	10	-230.0%
Operational EBITDA margin	-1.1%	-3.0%		-1.4%		-0.5%	0.4%	
Operational EBIT	23	-	n/m	1	n/m	50	74	-32.4%
% of sales	3.6%	-		0.2%		1.9%	2.8%	
Cash flow from operations	9	52	-82.7%	-53	117.0%	-5	116	-104.3%
Cash flow after investing activities	-6	42	-114.3%	-57	89.5%	-126	92	-237.0%

- A higher result in forest associates due to a capital gain on land disposals in Bergvik and higher earnings from wood supply and Efora improved the operational EBIT.

GLOBAL RESPONSIBILITY IN Q4/2014 (compared with Q4/2013)

Stora Enso's quarterly Global Responsibility reporting aims to increase transparency and underline the fact that financial and corporate responsibility performance are strongly integrated in Stora Enso's everyday operations.

People and Ethics

Health and Safety
The annual TRI and LTA rates continued to improve. During 2015, Stora Enso will continue focusing on safety leadership and culture. The Health and Safety targets are being reviewed and will be communicated in the Interim Review for the first quarter of 2015.

TRI AND LTA RATES

	Q4/14	Q4/13	Q3/14	2014	2013	Target	Target to be reached by
Total Recordable Incidents (TRI) rate	12.4	11.9	14.1	12.5	14.0	<5.0	end of 2015
Lost-Time Accident (LTA) rate	5.2	5.3	6.0	5.2	6.0	<1.0	end of 2015

TRI *(Total recordable incident) rate = number of incidents per one million hours worked.*
LTA *(Lost-time accident) rate = number of lost-time accidents per one million hours worked.*

Human Rights
The target to reach full coverage with Human Rights assessments, conducted in collaboration with the Danish Institute for Human Rights' (DIHR), was achieved in December in 93 operational entities in 22 countries. The results and the report will be published on 5 February 2015.

HUMAN RIGHTS ASSESSMENT

	31 Dec 14	30 Sep 14	31 Dec 13	Target	Target to be reached by
Completion rate (%) of human rights assessments	100%	95%	n/a	100%	end of 2014

Collaboration with Save the Children
During the fourth quarter, Save the Children completed the reviews of the Group's Global Responsibility policies and guidelines. The review recognised that they reflect an overall respect for children's rights. The key recommendations related to adding an adequate reference to the UN Convention on the Rights of the Child and developing a separate child protection policy for certain risk countries.

As part of this collaboration, 26 members of Stora Enso's top management including the CEO participated in an awareness-building training session on children's rights in January.

Save the Children's evaluation of potential child rights violations in the Stora Enso Chennai Mill's supply networks in India proceeded as planned. As previously announced, Save the Children will map the relevant local stakeholders at the mill's supply networks and perform situation analysis of potential child rights violations by the end of the first quarter of 2015.

Responsible Sourcing

Implementation of the new Supplier Code of Conduct
The Supplier Code of Conduct, announced on 1 July 2014, strengthens the previous Sustainability Requirements for Suppliers. The document forms an integral part of contracts between Stora Enso and suppliers. By the end of the fourth quarter, 78%* of the Group's spending on materials and services were covered by the new Code.

SUPPLIER CODE OF CONDUCT

	31 Dec 14	30 Sep 14	31 Dec 13	Target	Target to be reached by
% of supplier spend covered by the Supplier Code of Conduct	78%*	32%*	n/a	90%**	end of 2016

** The Group's suppliers in terms of supplier spend in 2013, excluding joint operations and wood supply.*
***The target scope covers the Group's total annual supplier spending.*

Mitigating Child Labour in Pakistan
During the quarter Bulleh Shah Packaging, Stora Enso's 35%-owned equity accounted investment, conducted a total of 75 supplier audits and the total number of audits during 2014 was 288. There were no child labour cases identified during these audits in the fourth quarter. The 2014 target of 100% audit coverage of Old Corrugated Container (OCC) suppliers* was nearly reached. All direct suppliers of OCC and agricultural residuals have signed to Bulleh Shah's sustainability requirements for suppliers. The audit targets for 2015 will be determined during the first quarter of 2015.

BULLEH SHAH PACKAGING'S DIRECT SUPPLIERS OF DOMESTIC FIBRE AND AGRICULTURAL RESIDUALS

	31 Dec 14	30 Sep 14	31 Dec 13	Target	Target to be reached by
Number of direct active suppliers	143	130	n/a		
Cumulative audit coverage, suppliers of OCC*	97%	93%	n/a	100%	end of 2014
Cumulative audit coverage, suppliers of OCC and agricultural residuals (%)	87%	79%	n/a		
Number of audits**	21	24	n/a		

** Excluding institutional OCC suppliers identified as low risk.*
***Direct suppliers of domestic fibre and agricultural residuals during the quarter.*

Stora Enso continues to support the initially found 640 children who were discovered working for sub-suppliers in the collection of used carton board (UCB) in the supply chain which was terminated in April 2014. Due to time required for finding the right partners and practical solutions, this support initiative has proceeded slower than was earlier expected. By the end of the quarter, 125 children aged between 6 and14 were attending school as part of this support initiative. Stora Enso is committed to enabling the children reached, and whose parents have agreed, to go to school by the end of the first quarter of 2015.

Forest and Land Use

Responsibility in Guangxi, China

Correction of Land Leasing Contracts
Stora Enso leases a total of 85 768 hectares of land in various regions of Guangxi, of which 38% (37%) is social land leased from village collectives and households. By the end of the quarter, 61% (54%) of the lease contracts were without contractual defects*.

In cases of irreconcilable conflict that our contract correction procedures cannot resolve, we will have to terminate the contracts in a responsible way. This involves identifying the risks involved in the termination process, trying to settle historical claims or issues in the contract chain, deciding how to deal with any timber belonging to Stora Enso on the land concerned, and finding ways to minimise our losses. During 2014, we identified 109 contracts that may be fully or partly considered as irreconcilable. In terms of area this corresponds to 1 178 hectares, or 4% of the leased social forestland. The evaluation on the possible termination of the contracts and related impacts will continue during 2015.

SOCIAL FORESTLANDS LEASED BY STORA ENSO IN GUANGXI

	31 Dec 14	30 Sep 14	31 Dec 13	Target	Target to be reached by
Social forestland leased, ha	32 591	32 623	32 990		
Leased area without contractual defects, ha	16 003	15 320	14 366		
Lease contracts without contractual defects, % of all contracts	61%	58%	54%	100%	start-up of the planned pulp mill**

** In the contracts without defects the ownership of land is clear or solved, and contracting procedure is proven to be legal, authentic and valid. The contract correction process includes a desktop documentation review, field investigations, legal and operational risk analysis, stakeholder consultations, the collection of missing documentation and the signing of new agreements or amendments directly with the villages or households concerned, or in some cases contract termination.*
*** The decision on the investment in the pulp mill will be made after the start-up of the board mill in 2016.*

Creating Shared Value
The Water Stewardship Project, undertaken jointly with Kemira in Guangxi, aims to find new solutions for responsible water management through stakeholder surveys, community work and water-related capacity building, is progressing according to plan. The feasibility studies for the pilot projects in villages were finalised during the fourth quarter.

In 2014, we continued dialogue with two contractors interested in our Forest Contractor Development Project. This project targets selected local contractors aiming to improve the safety, quality, and efficiency of their forestry operations with mechanised harvesting. The interest of local contractors has been lower than expected.

Other issues
In September 2014, the Chinese Centre for Child Rights and Corporate Social Responsibility (CCR CSR) completed a study on the social backgrounds, needs and conditions of Stora Enso’s contractor employees working in forestry in Guangxi, and the related child rights. The recommendations to Stora Enso include proposals to establish child-friendly spaces in selected camps for contract workers’ families wishing to live at the forestry site and to arrange awareness workshops on child rights for key personnel. For reasons of safety the Group’s current policy is that the workers’ families are not allowed to stay at the forestry camps.

Dialogue with Landless People’s Social Movements in Bahia, Brazil
Stora Enso’s joint operation Veracel in Brazil continued to engage in dialogues with the six social landless movements in Bahia. As part of this dialogue the Sustainable Settlement Initiative was launched in 2012, aiming to provide farming land and technical and educational support to help hundreds of families improve their income. This initiative is facilitated by the Government of the State of Bahia through the Secretariat of Institutional Relations (SERIN), and conducted in cooperation with landless people’s social movements and the National Institute of Colonisation and Agrarian Reform (INCRA). Veracel has reserved 16 500 hectares of land for the settlements.

At the end of the quarter, 2 219 (1 453) hectares of Veracel’s land were occupied by social landless movements not involved in the Sustainable Settlement Initiative. Repossession of these areas is being sought through legal processes.

LAND OCCUPIED BY SOCIAL LANDLESS MOVEMENTS NOT INVOLVED IN THE SUSTAINABLE SETTLEMENT INITIATIVE

	31 Dec 14	30 Sep 14	31 Dec 13
Area occupied by social movements not involved in the Sustainable Settlement Initiative, ha	2 219	2 223	1 453

Developments in Forest Certification
Stora Enso owns 41% of the Finnish forest company Tornator, which owns 0.6 million hectares of forestland around Finland. A significant increase in the national area of forest under FSC certification occurred in November 2014 when Tornator received the FSC certificate for its forests in Finland, in addition to their existing PEFC certification.

Environment and Efficiency

Normalised CO_2 emission and process water discharge levels increased from the previous quarter and also from the same quarter last year. The main reason was that while the Group’s total production volume decreased, CO_2 emissions and process water discharges did not decrease correspondingly, as we have closed a number of paper machines during the past two years, and some mills have been left with over dimensioned installations of waste water treatment facilities.

The targets for process water discharges are being reviewed and will be communicated in the Interim Review for the first quarter of 2015.

ENVIRONMENTAL PERFORMANCE COMPARED TO BASELINE LEVELS**

	Q4/14	Q4/13	Q3/14	2014	2013	Target**	Target to be reached by
Climate and energy							
Reduction of CO_2 emissions per saleable tonne of pulp, paper and board (kg/t)*	-25%	-28%	-27%	-26%	-28%	-35%	end of 2025
Process water discharges							
Reduction of volume per saleable tonne of pulp, paper and board (m³/t)	-1%	-9%	-2%	-4%	-7%	-10%	end of 2015
Reduction of Chemical Oxygen Demand (COD) per saleable tonne of pulp, paper and board (kg/t)	-2%	-17%	-2%	-6%	-11%***	-10%	end of 2015

** Covering direct fossil CO_2 emissions from production and indirect fossil CO_2 emissions related to purchased electricity and heat (Scope 1 and 2).*
*** From benchmark levels: year 2006 in CO_2 emissions, year 2005 in the volume (m³) of process water discharges, and year 2007 in the Chemical Oxygen Demand (COD) levels of process water discharges.*
**** Recalculated due to reporting errors.*

Stora Enso is included in the following sustainability indices:

- Carbon Disclosure Leadership Index
- FTSE4 Good Index
- UN Global Compact 100 Stock Index
- STOXX Global ESG Leaders indices
- ECPI Ethical Indices
- OMX GES Sustainability Finland index
- Ethibel Investment Register
- Euronext Vigeo – Europe 120

In October, Stora Enso was classified as “Prime” by Oekom Research in their ESG rating methodology.

In January 2015, Stora Enso was qualified for inclusion in RobecoSAM's 2015 Sustainability Yearbook and received the Bronze Class distinction for excellent sustainability performance.

SHORT-TERM RISKS AND UNCERTAINTIES

The main short-term risks and uncertainties are related to the economic situation in Europe and the increasing imbalance in the European paper market.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 9 million on operational EBIT for the next 12 months, after the effect of hedges.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 182 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 105 million on operational EBIT for the next 12 months.

Chemicals and fillers sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 67 million on operational EBIT for the next 12 months.

A decrease of energy, wood or chemical and filler prices would have the opposite impact.

Foreign exchange rates sensitivity analysis for the next 12 months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be about positive EUR 112 million, negative EUR 84 million and positive EUR 46 million in annual impact, respectively. A weakening of the currencies would have the opposite impact. These numbers apply before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

LEGAL CASES

Latin American Cases

Veracel
Fibria and Stora Enso each own 50% of Veracel, the joint ownership governed by a shareholder agreement. In May 2014, Fibria initiated arbitration proceedings against Stora Enso claiming that Stora Enso was in breach of certain provisions of the shareholder agreement. Fibria has estimated that the interest of the case is approximately USD 54 (EUR 44) million. Stora Enso denies any breach of contract and disputes the method of calculating the interest of the case. No provisions have been made in Stora Enso's accounts for this case.

On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of BRL 20 (EUR 6) million. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the competent authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

Montes del Plata
During the second quarter of 2014, Celulosa y Energía Punta Pereira S.A. ("CEPP"), a joint operations company in the Montes del Plata group formed by Stora Enso and Arauco, was notified of arbitration proceedings initiated against it by Andritz Pulp Technologies Punta Pereira S.A., a subsidiary of Andritz AG, claiming EUR 200 million. The arbitration relates to contracts for the delivery, construction, installation, commissioning and completion by Andritz of major components of the Montes del Plata Pulp Mill project located at Punta Pereira in Uruguay. CEPP disputes the claims brought by Andritz and is also actively pursuing claims of its own amounting to USD 110 (EUR 91) million against Andritz for breach by Andritz of its obligations under the contracts. No provisions have been made in Montes del Plata's or Stora Enso's accounts for these claims.

Legal Proceedings in Finland

Finnish wood claim
In December 2009, the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling. In March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsä Group claiming compensation for damages allegedly suffered due to the competition law infringements. The total claim against all the defendants amounts to approximately EUR 160 million and the secondary claim against Stora Enso to approximately EUR 85 million. In addition, Finnish municipalities and private forest owners initiated similar legal proceedings. The total amount claimed from all the defendants amounts to approximately EUR 35 million and the secondary claims solely against Stora Enso to approximately EUR 10 million. Stora Enso denies that Metsähallitus and other plaintiffs suffered any damages whatsoever and will forcefully defend itself. In March 2014 the Helsinki District Court dismissed 13 private forest owners' claims as time-barred. In November 2014 the Helsinki Court of Appeal revoked the decision of the District Court. Stora Enso and the other defendants have sought permission to appeal the Court of Appeal decision from the Supreme Court. No provisions have been made in Stora Enso's accounts for these lawsuits.

Kemijärvi Pulp Mill environmental case
Kemijärvi Pulp Mill in Finland was permanently closed down in 2008. Following court proceedings, in August 2013 the Supreme Administrative Court gave its decision concerning the water treatment lagoon in the environmental permit related to the closure of Kemijärvi Pulp Mill. The Court ordered Stora Enso to remove the majority of the sludge, and returned the case to the Regional State Administrative Agency with an order to Stora Enso to deliver a new action plan by the end of 2014 for removal of the majority of the sludge from the basin at the Kemijärvi site. The Agency was also ordered to consider and evaluate the costs to Stora Enso against the environmental benefits achievable if the Agency later orders Stora Enso to remove the sludge. Stora Enso has now delivered its action plan and recorded a provision of EUR 5 million in the accounts. Following this the case will no longer be reported as a legal case in the quarterly reporting.

FOURTH QUARTER EVENTS

On 15 October 2014 Stora Enso announced the appointments to its Nomination Board. The composition of the Nomination Board is as follows: Gunnar Brock (Chairman of the Board of Directors of Stora Enso), Juha Rantanen (Vice Chairman of the Board of Directors of Stora Enso), Pekka Ala-Pietilä (Chairman of the Board of Directors of Solidium), and Marcus Wallenberg (Chairman of the Board of Directors of FAM AB). Pekka Ala-Pietilä is the Chairman of the Nomination Board.

CHANGES IN ORGANISATIONAL STRUCTURE

As of 1 September 2014, the Printing and Living Division was divided into two separate Divisions: Printing and Reading, and Building and Living. The Global Identity function was split into two entities: Global Communications and Global Responsibility. On 18 December 2014 Stora Enso announced a new organisational structure for the Renewable Packaging division. The division was split into two: Consumer Board and Packaging Solutions. Both new divisions became separate reporting segments as of 1 January 2015. The names of the Building and Living division and Printing and Reading division were changed to Wood Products and Paper, respectively. As of 1 January 2015, Stora Enso's reporting segments are: Consumer Board, Packaging Solutions, Biomaterials, Wood Products, Paper and Other.

The first financial report according to the new reporting segment structure will be the first quarter 2015 Interim Review, to be released on 22 April 2015. Historical figures according to the new reporting structure will be published in March 2015.

CHANGES IN GROUP MANAGEMENT

Seppo Parvi took up the position of CFO on 1 February 2014 and the position of Country Senior Executive Finland as of 3 November 2014.

Karl-Henrik Sundström took up the position of CEO on 1 August 2014.

On 1 September 2014, Stora Enso's Group Leadership Team (GLT) had four new members. Kati ter Horst was appointed Executive Vice President, Head of the Printing and Reading division. Jari Suominen continued to lead the Building and Living business, as Executive Vice President of a separate Division. Ulrika Lilja was appointed Executive Vice President, Global Communications. Terhi Koipijärvi was appointed an acting Executive Vice President, Global Responsibility and an acting member of the GLT.

On 19 September 2014, Stora Enso announced that Juha Vanhainen, Executive Vice President, Energy, Logistics and Wood Supply Operations in Finland and Sweden, will leave his position at Stora Enso as of 15 March 2015.

On 14 October 2014, Stora Enso announced the appointment of Johanna Hagelberg as Executive Vice President Sourcing and a new member of the Group Leadership Team as of 1 November 2014.

On 18 December 2014, Stora Enso announced the appointment of Jari Latvanen as Executive Vice President, Head of Consumer Board and a new member of the Group Leadership Team as of 1 January 2015.

Also on 18 December 2014, Stora Enso announced the appointment of Noel Morrin as Executive Vice President Global Responsibility and a new member of the Group Leadership Team as of 1 April 2015.

Jyrki Tammivuori was acting CFO and a member of the Group Leadership Team until 31 January 2014.
Mats Nordlander was head of the Renewable Packaging division and a member of the Group Leadership Team until 21 March 2014.
Jouko Karvinen was CEO and a member of the Group Leadership Team until 30 July 2014.
Lauri Peltola was head of Global Communications and Country Senior Executive Finland and a member of the Group Leadership Team until 31 August 2014.

PERSONNEL

On 31 December 2014, there were 27 200 employees in the Group, 1 500 less than at the end of 2013. The average number of employees in 2014 was 29 000, which was 90 higher than the average number in 2013.

The average number of employees remained largely unchanged as a result of the acquisition of Efora Oy in late 2013 and the divestment of Corenso in late 2014. In 2014, the average number of employees in Europe was 21 700 which was 900 lower than a year ago. In China, the average number of employees was 5 500, which was 1 000 higher than a year ago.

SHARE CAPITAL

During the year 2014, the conversions of a total of 40 000 A shares into R shares were recorded in the Finnish trade register.

On 31 December 2014, Stora Enso had 177 056 204 A shares and 611 563 783 R shares in issue. The company did not hold its own shares.

EVENTS AFTER THE PERIOD

On 15 January 2015 the conversion of 25 300 A shares into R shares was registered in the Finnish trade register.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Wednesday 22 April 2015 at the Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

The agenda of the AGM and proposals on the agenda of the AGM, as well as the AGM notice, will be available on Stora Enso Oyj's website at www.storaenso.com/agm. Stora Enso's annual accounts, the Report of the Board of Directors and the auditor's report for 2014 will be published on Stora Enso Oyj's website www.storaenso.com/investors during the week commencing on Monday 16 February 2015. The proposals for decisions and the other above-mentioned documents will also be available at the AGM. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the AGM will be available on Stora Enso Oyj's website www.storaenso.com/agm from 6 May 2015.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE PAYMENT OF DIVIDEND

The Board of Directors proposes to the AGM that a dividend of EUR 0.30 per share be distributed for the year 2014.

The dividend would be paid to shareholders who on the record date of the dividend payment, 24 April 2015, are recorded in the shareholders' register maintained by Euroclear Finland Oy or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. Dividends payable for Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish krona. Dividends payable to ADR holders will be forwarded by Deutsche Bank Trust Company Americas and paid in US dollars.

The Board of Directors proposes to the AGM that the dividend be paid on 13 May 2015.

This release has been prepared in Finnish, English and Swedish. In case of variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 4 February 2015
Stora Enso Oyj
Board of Directors

FINANCIALS

Basis of Preparation
This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Financial Report for 2013.

Effects of Changes to IFRS 11 Joint Arrangements
Stora Enso adopted the new IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* as of 1 January 2014.

- IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard provides additional guidance on the process of determining possible control of an entity, especially in challenging cases.
- IFRS 11 *Joint Arrangements* introduces core principles for determining the type of joint arrangement in which the party to the joint arrangement is involved by assessing its rights and obligations, and accounts for those rights and obligations in accordance with that type of joint arrangement.
- IFRS 12 *Disclosure of Interests in Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities as well as the effects of the interests on the financial position, performance and cash flow of the entity.

The changes affect the accounting treatment of Montes del Plata and Veracel, which are now treated as joint operations and thus Stora Enso's 50% ownership is consolidated with the proportionate line-by-line method. Montes del Plata is controlled jointly with partner Arauco, and Veracel is controlled jointly with partner Fibria. Stora Enso's interpretation is that the contractual arrangements in both joint operations provide the partners with the rights to and obligations of the annual output of the relevant activities and substantially all the economic benefits of the joint operations. Previously these two entities were consolidated using the equity method.

The proportionate line-by-line consolidation of Stora Enso's 50% ownership of Montes del Plata and Veracel has no effect on published operational EBIT, net profit, equity or earnings per share. The proportionate line-by-line consolidation affects all the primary statements in the consolidated financial statements. The effects are summarised below:

- Increase in operational EBITDA
- Increase in property, plant and equipment, biological assets and net debt
- Decrease in equity accounted investments
- Increase in capital expenditure and decreases in equity injections to equity accounted investments.

Historical figures have been restated according to the new IFRS 11 standard and presented in the tables. The restated comparatives were presented in full in a press release on 19 March 2014. Additionally, the Group has revised the presentation of the cash flow statement to better reflect the underlying cash movements. The table below summarises the effects of the IFRS 11 restatement.

EUR million	Restated 2013	Restated 2012	Change 2013	Change 2012	As published 2013	As published 2012
Sales	10 563	10 837	19	22	10 544	10 815
Operational EBITDA	1 090	1 154	46	60	1 044	1 094
Operational EBIT	578	630	-	-	578	630
Operating profit (IFRS)	50	716	16	15	34	701
Net profit/loss for the period	-71	490	-	-	-71	490
Capital expenditure	760	1 012	335	456	425	556
Depreciation and impairment charges excl. NRI	603	623	39	40	564	583
Operational ROCE	6.5%	6.9%	-0.6	-0.4	7.1%	7.3%
Return on equity (ROE)	-1.3%	8.3%	-	-	-1.3%	8.3%
Debt/equity ratio	0.61	0.58	0.14	0.10	0.47	0.48
Net debt/last 12 months' operational EBITDA	2.9	2.9	0.6	0.4	2.3	2.5
Equity ratio	39.2%	41.0%	-2.1	-1.8	41.3%	42.8%
Capital structure						
Operative fixed assets	6 824	7 520	1 590	1 498	5 234	6 022
Equity accounted investments	1 013	941	-948	-1 024	1 961	1 965
Operative working capital, net	1 179	1 526	94	66	1 085	1 460
Non-current interest-free items, net	-466	-551	33	60	-499	-611
Operating Capital Total	**8 550**	**9 436**	**769**	**600**	**7 781**	**8 836**
Net tax liabilities	-86	-237	-12	-20	-74	-217
Capital Employed	**8 464**	**9 199**	**757**	**580**	**7 707**	**8 619**
Equity attributable to owners of the Parent	5 213	5 770	-	-	5 213	5 770
Non-controlling interests	60	92	-	-	60	92
Net interest-bearing liabilities	3 191	3 337	757	580	2 434	2 757
Financing Total	**8 464**	**9 199**	**757**	**580**	**7 707**	**8 619**

Other standard changes effective from 1 January 2014:

- IAS 27 *Consolidated and Separate Financial Statements* was reissued and consolidation requirements previously stated in IAS 27 *Consolidated and Separate Financial Statements* have been revised and stated in IFRS 10 *Consolidated Financial Statements*.
- IAS 28 *Investments in Associates* and *Joint Ventures* supersedes IAS 28 I*nvestments in Associates* and provides consequential amendments to the standard in response to the new standard IFRS 11 *Joint Arrangements.*
- IAS 36 *Impairment of Assets* was amended to clarify disclosure requirements related to the recoverable amount of non-financial assets.
- IAS 39 *Financial Instruments*: Recognition and Measurement was amended to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided that certain criteria are met. This amendment is not relevant to the Group.

All figures in this Interim Review have been rounded to the nearest million, unless otherwise stated.

Virdia Inc. acquisition

In the second quarter of 2014, Stora Enso acquired 100% of the shares in the US-based company Virdia, a leading developer of extraction and separation technologies for the conversion of biomass into highly refined sugars and lignin. The acquisition of Virdia supports Stora Enso's vision to become a significant player in biochemicals and biomaterials. The technology enables more efficient extraction of different valuable fractions of the biomass, with the possibility of developing and commercialising cost-effective renewable solutions to address well-identified, market-driven needs.

The cash consideration was EUR 17 million with maximum potential payouts totalling EUR 21 million following the completion of specific technical and commercial milestones by 2017. Virdia did not have an impact on Stora Enso's sales in 2014. The impact on the Group net profit in 2014 was insignificant.

The fair values of the acquired assets, liabilities and goodwill as at 31 December 2014 have been determined on a provisional basis (presented in the table below), pending finalisation of the post-acquisition review of the fair value of the acquired assets and liabilities.

EUR million	31 Dec 2014
Cash consideration	17
Contingent consideration	15
Total assets acquired	21
Total liabilities acquired	17
Provisional goodwill	28

Corenso divestment

On 1 December 2014, Stora Enso disposed the Corenso business operations to Powerflute Oyj for a total consideration of EUR 103 million. The disposal resulted in a net capital gain of EUR 9 million of which EUR 13 million is reported under other operating income including a EUR 3 million CTA release through the income statement and related transaction costs totalling EUR 4 million under other operating expenses. Corenso was part of Stora Enso's Renewable Packaging division.

Uetersen Mill Disposal

On 18 December 2014, Stora Enso signed an agreement to divest its Uetersen specialty and coated fine paper mill in Germany to a company mainly owned by the private equity fund Perusa Partners Fund 2. Following the agreement, the Group has recorded an amount of EUR 30 million in fixed asset impairment and inventory write-down in its fourth quarter 2014 accounts. Uetersen Mill is not presented as held for sale in the Group's 31 December 2014 statement of financial position due to immaterial impact on the Group's financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT*

** Data for the comparative periods have been restated. For further details, see 'Basis of Preparation' on page 17.*

EUR million	Q4/14	Q4/13	Q3/14	2014	2013
Sales	2 552	2 612	2 514	10 213	10 563
Other operating income	47	34	36	168	140
Change in inventories of finished goods and WIP	-36	-45	22	3	-27
Change in net value of biological assets	-79	184	-15	-114	165
Materials and services	-1 533	-1 627	-1 523	-6 244	-6 688
Freight and sales commissions	-232	-235	-239	-939	-982
Personnel expenses	-331	-349	-324	-1 383	-1 390
Other operating expenses	-151	-141	-127	-625	-644
Share of results of equity accounted investments	16	49	1	87	102
Depreciation and impairment	-348	-692	-130	-766	-1 189
Operating Loss/Profit	**-95**	**-210**	**215**	**400**	**50**
Net financial items	-98	-71	-71	-280	-239
Loss/ Profit before Tax	**-193**	**-281**	**144**	**120**	**-189**
Income tax	59	121	-21	-30	118
Net Loss/ Profit for the Period	**-134**	**-160**	**123**	**90**	**-71**
Attributable to:					
Owners of the Parent	-125	-137	124	99	-53
Non-controlling interests	-9	-23	-1	-9	-18
	-134	**-160**	**123**	**90**	**-71**
Earnings per Share					
Basic earnings per share, EUR	-0.15	-0.18	0.15	0.13	-0.07
Diluted earnings per share, EUR	-0.15	-0.18	0.15	0.13	-0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

** Data for the comparative periods have been restated. For further details, see 'Basis of Preparation' on page 17.*

EUR million	Q4/14	Q4/13	Q3/14	2014	2013
Net profit/loss for the period	-134	-160	123	90	-71
Other Comprehensive Income					
Items that will not be Reclassified to Profit and Loss					
Actuarial losses and gains on defined benefit plans	-97	76	-2	-100	74
Share of OCI of EAIs that will not be reclassified	-	-	-	-	-1
Income tax relating to items that will not be reclassified	14	-28	3	17	-27
	-83	**48**	**1**	**-83**	**46**
Items that may be Reclassified Subsequently to Profit and Loss					
Share of OCI of EAIs that may be reclassified	-4	1	-4	-17	13
Currency translation movements on equity net investments (CTA)	-33	-98	85	63	-227
Currency translation movements on non-controlling interests	7	-2	6	14	-6
Net investment hedges	-6	17	-1	8	23
Cash flow hedges	-24	-5	-36	-74	-26
Non-controlling interests' share of cash flow hedges	-1	-	-	-1	-
Available-for-sale investments	99	6	-28	96	-101
Income tax relating to items that may be reclassified	5	-1	6	8	2
	43	**-82**	**28**	**97**	**-322**
Total Comprehensive Income	**-174**	**-194**	**152**	**104**	**-347**
Total Comprehensive Income Attributable to:					
Owners of the Parent	-171	-169	147	100	-323
Non-controlling interests	-3	-25	5	4	-24
	-174	**-194**	**152**	**104**	**-347**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income
EAI = Equity Accounted Investments

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

** Data for the comparative periods have been restated. For further details, see 'Basis of Preparation' on page 17.*

EUR million		31 Dec 14	31 Dec 13	1 Jan 13
Assets				
Non-current Assets				
Goodwill		242	220	226
Other intangible assets		157	54	47
Property, plant and equipment		5 419	5 534	6 292
		5 818	**5 808**	**6 565**
Biological assets	O	643	634	474
Emission rights	O	27	21	30
Equity accounted investments	O	1 056	1 013	941
Available-for-sale: Interest-bearing	I	30	10	96
Available-for-sale: Operative	O	444	361	451
Non-current loan receivables	I	70	80	134
Deferred tax assets	T	259	229	143
Other non-current assets	O	85	63	85
		8 432	**8 219**	**8 919**
Current Assets				
Inventories	O	1 403	1 445	1 510
Tax receivables	T	8	13	18
Operative receivables	O	1 484	1 555	1 714
Interest-bearing receivables	I	74	147	211
Cash and cash equivalents	I	1 446	2 073	1 921
		4 415	**5 233**	**5 374**
Total Assets		**12 847**	**13 452**	**14 293**
Equity and Liabilities				
Owners of the Parent		5 070	5 213	5 770
Non-controlling Interests		167	60	92
Total Equity		**5 237**	**5 273**	**5 862**
Non-current Liabilities				
Post-employment benefit provisions	O	483	378	480
Other provisions	O	159	127	145
Deferred tax liabilities	T	264	312	358
Non-current debt	I	3 530	4 201	4 799
Other non-current operative liabilities	O	47	24	11
		4 483	**5 042**	**5 793**
Current Liabilities				
Current portion of non-current debt	I	611	544	202
Interest-bearing liabilities	I	751	744	693
Bank overdrafts	I	2	12	5
Other provisions	O	82	123	71
Other operative liabilities	O	1 631	1 698	1 627
Tax liabilities	T	50	16	40
		3 127	**3 137**	**2 638**
Total Liabilities		**7 610**	**8 179**	**8 431**
Total Equity and Liabilities		**12 847**	**13 452**	**14 293**

Items designated with "O" comprise Operating Capital
Items designated with "I" comprise Interest-bearing Net Liabilities
Items designated with "T" comprise Net Tax Liabilities

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*

EUR million	2014	2013
Cash Flow from Operating Activities		
Operating profit	400	50
Hedging result from OCI	-	7
Adjustments for non-cash items	795	937
Change in net working capital	-56	265
Cash Flow Generated by Operations	**1 139**	**1 259**
Net financial items paid	-212	-198
Income taxes paid, net	-39	-46
Net Cash Provided by Operating Activities	**888**	**1 015**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries and business operations, net of acquired cash	-16	25
Acquisitions of shares in equity accounted investments	-97	-31
Acquisitions of available-for-sale investments	-9	-9
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	72	-
Proceeds from disposal of shares in equity accounted investments	61	-
Proceeds from disposal of available-for-sale investments	-	42
Proceeds from sale of intangible assets and property, plant and equipment	14	96
Capital expenditure	-787	-740
Proceeds from non-current receivables, net	16	85
Net Cash Used in Investing Activities	**-746**	**-532**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	166	239
Repayment of long-term debt	-922	-377
Change in short-term borrowings	17	70
Dividends paid	-237	-237
Sale of interest in subsidiaries to non-controlling interests	7	-
Equity injections from, less dividends to, non-controlling interests	94	-7
Purchase of own shares**	-4	-
Net Cash Used in Financing Activities	**-879**	**-312**
Net Increase/Decrease in Cash and Cash Equivalents	**-737**	**171**
Translation adjustment	120	-27
Net cash and cash equivalents at the beginning of the period	2 061	1 917
Net Cash and Cash Equivalents at Period End	**1 444**	**2 061**
Cash and Cash Equivalents at Period End	**1 446**	**2 073**
Bank Overdrafts at Period End	**-2**	**-12**
Net Cash and Cash Equivalents at Period End	**1 444**	**2 061**
Acquisitions		
Cash and cash equivalents, net of bank overdraft	1	32
Intangible assets and property, plant and equipment	20	1
Operating working capital	-4	-22
Tax assets and liabilities	-5	-
Interest-bearing assets and liabilities	-8	-
Fair Value of Net Assets Acquired	**4**	**11**
Goodwill (provisional for 2014)	28	-
Value of previously held equity interests	-	-4
Total Purchase Consideration	**32**	**7**
Cash and cash equivalents in acquired companies, net of bank overdraft	-1	-32
Net Purchase Consideration	**31**	**-25**
Cash part of consideration, net of acquired cash	16	-25
Non-cash part of consideration	15	-
Net Purchase Consideration	**31**	**-25**

Disposals		
Cash and cash equivalents	31	1
Goodwill	3	-
Other intangible assets and property, plant and equipment	38	2
Working capital	25	-
Tax assets and liabilities	2	-
Interest-bearing assets and liabilities	2	-2
Non-controlling interests	-7	-1
Net Assets in Divested Companies	**94**	**-**
Gain on sale	10	-
Total Disposal Consideration	**104**	**-**
Cash part of consideration	103	-
Non-cash part of consideration	1	-
Total Disposal Consideration	**104**	**-**

** Data for the comparative periods have been restated. For further details, see 'Basis of Preparation' on page 17.*
*** Own shares purchased for the Group's share award programme. The Group did not hold any own shares at the end of December 2014.*

PROPERTY, PLANT AND EQUIPMENT, GOODWILL, BIOLOGICAL ASSETS AND OTHER INTANGIBLE ASSETS

EUR million	2014	2013
Carrying value at 1 January	6 442	7 039
Acquisition of subsidiary companies	48	1
Additions in tangible and intangible assets	713	710
Additions in biological assets	68	50
Harvesting in biological assets	-44	-20
Disposals	-11	-80
Disposals of subsidiary companies	-41	-2
Depreciation and impairment	-766	-1 189
Valuation of biological assets	-70	185
Translation difference and other	122	-252
Statement of Financial Position Total	**6 461**	**6 442**

BORROWINGS

EUR million	31 Dec 14	31 Dec 13
Bond loans	2 582	3 177
Loans from credit institutions	1 414	1 398
Finance lease liabilities	69	77
Other non-current liabilities	76	93
Non-current Debt including Current Portion	**4 141**	**4 745**
Short-term borrowings	487	510
Interest payable	84	93
Derivative financial liabilities	180	141
Bank overdrafts	2	12
Total Interest-bearing Liabilities	**4 894**	**5 501**

EUR million	2014	2013
Carrying value at 1 January	5 501	5 699
Proceeds of new long-term debt	166	239
Repayment of long-term debt	-922	-377
Change in short-term borrowings and interest payable	-32	101
Change in derivative financial liabilities	39	-51
Translation differences and other	142	-110
Total Interest-bearing Liabilities	**4 894**	**5 501**

STATEMENT OF CHANGES IN EQUITY*

CTA = Cumulative Translation Adjustment *OCI = Other Comprehensive Income* *NCI = Non-controlling Interests* *EAI = Equity Accounted Investments*

EUR million	Share Capital	Share Premium and Reserve Fund	Invested Non-Restricted Equity Fund	Treasury Shares	Fair Valuation Reserve: Step Acquisition Revaluation Surplus	Fair Valuation Reserve: Available-for-Sale Investment	Fair Valuation Reserve: Cash flow Hedges	Fair Valuation Reserve: OCI of Equity Accounted Investments	CTA and Net Investment Hedges	Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	Total
Balance at 1 Jan 2013	**1 342**	**77**	**633**	**-10**	**4**	**362**	**12**	**-34**	**-10**	**3 394**	**5 770**	**92**	**5 862**
Loss for the year	-	-	-	-	-	-	-	-	-	-53	-53	-18	-71
OCI before tax	-	-	-	-	-	-101	-26	12	-204	74	-245	-6	-251
Income tax relating to components of OCI	-	-	-	-	-	1	5	-	-4	-27	-25	-	-25
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-100**	**-21**	**12**	**-208**	**-6**	**-323**	**-24**	**-347**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-7	-244
Disposals	-	-	-	-	-	-	-	-	-	-	-	-1	-1
NCI transaction in EAI	-	-	-	-	-	-	-	-	-	1	1	-	1
Share-based payments	-	-	-	-	-	-	-	-	-	2	2	-	2
Cancellation of treasury shares	-	-	-	10	-	-	-	-	-	-10	-	-	-
Balance at 31 Dec 2013	**1 342**	**77**	**633**	**-**	**4**	**262**	**-9**	**-22**	**-218**	**3 144**	**5 213**	**60**	**5 273**
Profit/loss for the year	-	-	-	-	-	-	-	-	-	99	99	-9	90
OCI before tax	-	-	-	-	-	96	-74	-17	71	-100	-24	13	-11
Income tax relating to components of OCI	-	-	-	-	-	-4	14	-	-2	17	25	-	25
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**92**	**-60**	**-17**	**69**	**16**	**100**	**4**	**104**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-6	-243
Acquisitions and disposals	-	-	-	-	-	-	-	15	-	-15	-	101	101
Loss on NCI buy-in	-	-	-	-	-	-	-	-	-	-8	-8	8	-
Purchase of treasury shares	-	-	-	-4	-	-	-	-	-	-	-4	-	-4
Share-based payments	-	-	-	4	-	-	-	-	-	2	6	-	6
Balance at 31 Dec 2014	**1 342**	**77**	**633**	**-**	**4**	**354**	**-69**	**-24**	**-149**	**2 902**	**5 070**	**167**	**5 237**

** Data for the comparative periods have been restated. For further details, see ‘Basis of Preparation’ on page 17.*

Capital Commitments

The Group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 301 million (compared with EUR 142 million at 31 December 2013). These include the Group's share of direct capital expenditure contracts in joint operations.

COMMITMENTS AND CONTINGENCIES

EUR million	31 Dec 14	31 Dec 13
On Own Behalf		
Mortgages	4	18
On Behalf of Equity Accounted Investments		
Guarantees	19	18
On Behalf of Others		
Guarantees	6	5
Other Commitments, Own		
Operating leases, in next 12 months	83	71
Operating leases, after next 12 months	823	510
Other commitments	5	5
Total	**940**	**627**
Mortgages	4	18
Guarantees	25	23
Operating leases	906	581
Other commitments	5	5
Total	**940**	**627**

SALES BY SEGMENT

EUR million	2014	Q4/14	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	3 335	812	851	849	823	3 272	788	829	835	820
Biomaterials	1 104	314	284	243	263	1 033	266	239	266	262
Building and Living	1 779	415	429	490	445	1 867	466	460	500	441
Printing and Reading	3 912	984	959	970	999	4 319	1 054	1 041	1 101	1 123
Other	2 567	645	579	654	689	2 690	672	612	685	721
Inter-segment sales	-2 484	-618	-588	-627	-651	-2 618	-634	-628	-661	-695
Total	**10 213**	**2 552**	**2 514**	**2 579**	**2 568**	**10 563**	**2 612**	**2 553**	**2 726**	**2 672**

OPERATIONAL EBIT BY SEGMENT

EUR million	2014	Q4/14	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	410	74	130	114	92	318	73	100	77	68
Biomaterials	89	34	24	10	21	77	24	17	14	22
Building and Living	89	10	22	37	20	75	19	24	28	4
Printing and Reading	172	68	33	36	35	34	36	13	-17	2
Other	50	23	1	12	14	74	-	30	22	22
Operational EBIT	**810**	**209**	**210**	**209**	**182**	**578**	**152**	**184**	**124**	**118**
Fair valuations and non-operational items*	-131	-79	-23	-18	-11	11	30	-5	-8	-6
Non-recurring Items	-279	-225	28	-106	24	-539	-392	-23	-33	-91
Operating Profit/Loss (IFRS)	**400**	**-95**	**215**	**85**	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-280	-98	-71	-46	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**120**	**-193**	**144**	**39**	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-30	59	-21	-38	-30	118	121	-19	-3	19
Net Profit/Loss	**90**	**-134**	**123**	**1**	**100**	**-71**	**-160**	**84**	**21**	**-16**

** Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, valuations of biological assets and the Group's share of tax and net financial items of EAI.*

NRI BY SEGMENT

EUR million	2014	Q4/14	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	8	8	-	-	-	120	144	-28	4	-
Biomaterials	-	-	-	-	-	2	-8	-1	11	-
Building and Living	-11	2	-	-	-13	-7	-	-	-	-7
Printing and Reading	-329	-235	28	-115	-7	-644	-538	8	-30	-84
Other	53	-	-	9	44	-10	10	-2	-18	-
NRI on Operating Profit/Loss	**-279**	**-225**	**28**	**-106**	**24**	**-539**	**-392**	**-23**	**-33**	**-91**
NRI on tax	60	53	-	1	6	145	114	3	9	19
NRI on Net Profit/Loss	**-219**	**-172**	**28**	**-105**	**30**	**-394**	**-278**	**-20**	**-24**	**-72**
NRI on Net Profit/Loss attributable to										
Owners of the Parent	-219	-172	28	-105	30	-369	-253	-20	-24	-72
Non-controlling interests	-	-	-	-	-	-25	-25	-	-	-
	-219	**-172**	**28**	**-105**	**30**	**-394**	**-278**	**-20**	**-24**	**-72**

FAIR VALUATIONS AND NON-OPERATIONAL ITEMS* BY SEGMENT

EUR million	2014	Q4/14	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	-61	-58	-4	-	1	-1	-	-1	-	-
Biomaterials	-4	3	-2	-2	-3	5	13	-4	-2	-2
Building and Living	-1	-	-	-	-1	-	-	-	-	-
Printing and Reading	-1	-	-	1	-2	2	3	-1	-	-
Other	-64	-24	-17	-17	-6	5	14	1	-6	-4
FV and Non-operational Items on Operating Profit	**-131**	**-79**	**-23**	**-18**	**-11**	**11**	**30**	**-5**	**-8**	**-6**

** Fair valuations (FV) and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, valuations of biological assets and the Group's share of tax and net financial items of EAI.*

OPERATING PROFIT/LOSS BY SEGMENT

EUR million	2014	Q4/14	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	357	24	126	114	93	437	217	71	81	68
Biomaterials	85	37	22	8	18	84	29	12	23	20
Building and Living	77	12	22	37	6	68	19	24	28	-3
Printing and Reading	-158	-167	61	-78	26	-608	-499	20	-47	-82
Other	39	-1	-16	4	52	69	24	29	-2	18
Operating Profit/Loss (IFRS)	**400**	**-95**	**215**	**85**	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-280	-98	-71	-46	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**120**	**-193**	**144**	**39**	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-30	59	-21	-38	-30	118	121	-19	-3	19
Net Profit/Loss	**90**	**-134**	**123**	**1**	**100**	**-71**	**-160**	**84**	**21**	**-16**

KEY EXCHANGE RATES FOR THE EURO

One Euro equals	Closing Rate		Average Rate	
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
SEK	9.3930	8.8591	9.0969	8.6505
USD	1.2141	1.3791	1.3288	1.3281
GBP	0.7789	0.8337	0.8064	0.8493

TRANSACTION RISK AND HEDGES IN MAIN CURRENCIES AS AT 31 DECEMBER 2014

EUR million	EUR	USD	SEK	GBP	Other	Total
Sales during 2014	5 947	1 565	1 100	538	1 063	10 213
Costs during 2014	-5 235	-494	-1 980	-98	-1 327	-9 134
Net amount	**712**	**1 071**	**-880**	**440**	**-264**	**1 079**
Estimated annual net operating cash flow exposure		1 120	-840	460		
Transaction hedges as at 31 Dec 2014		-590	460	-240		
Hedging percentage as at 31 Dec 2014 for the next 12 months		**53%**	**55%**	**52%**		

CHANGES IN EXCHANGE RATES ON OPERATIONAL EBIT

Operational EBIT: Currency Strengthening of +10%	EUR million
USD	112
SEK	-84
GBP	46

The sensitivity is based on the estimated net operating cash flow of the next 12 months. The calculation does not take into account currency hedges, and assumes that no changes occur other than exchange rate movement in one currency. A weakening would have the opposite impact.

Fair Values of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the Group's Financial Report.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 31 DECEMBER 2014

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	474	474	474
Non-current loan receivables	70	-	-	-	70	74
Trade and other operative receivables	1 202	1	-	-	1 203	1 203
Interest-bearing receivables	13	38	23	-	74	74
Current investments and cash	1 446	-	-	-	1 446	1 446
Carrying Amount by Category	**2 731**	**39**	**23**	**474**	**3 267**	**3 271**

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	-	3 530	3 530	3 699
Current portion of non-current debt	-	6	605	611	611
Interest-bearing liabilities	75	106	570	751	751
Trade and other operative payables	17	-	1 296	1 313	1 313
Bank overdrafts	-	-	2	2	2
Carrying Amount by Category	**92**	**112**	**6 003**	**6 207**	**6 376**

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	62	-	62
Available-for-sale investments	30	-	444	474
Derivative financial liabilities	-	187	-	187
Trade and other operative liabilities	-	-	17	17

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 31 DECEMBER 2013

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	371	371	371
Non-current loan receivables	80	-	-	-	80	82
Trade and other operative receivables	1 260	2	-	-	1 262	1 262
Interest-bearing receivables	31	83	33	-	147	147
Current investments and cash	2 073	-	-	-	2 073	2 073
Carrying Amount by Category	**3 444**	**85**	**33**	**371**	**3 933**	**3 935**

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	4	4 197	4 201	4 400
Current portion of non-current debt	-	-	544	544	544
Interest-bearing liabilities	101	39	604	744	744
Trade and other operative payables	-	-	1 371	1 371	1 371
Bank overdrafts	-	-	12	12	12
Carrying Amount by Category	**101**	**43**	**6 728**	**6 872**	**7 071**

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	118	-	118
Available-for-sale investments	10	-	361	371
Derivative financial liabilities	-	144	-	144

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS: 31 DECEMBER 2014

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2014	361	-	361
Gains recognised in other comprehensive income	76	-	76
Additions	8	-	8
Disposals	-1	-	-1
Closing Balance at 31 December 2014	**444**	**-**	**444**

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS: 31 DECEMBER 2013

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2013	451	90	541
Interest capitalised	-	9	9
Gains/losses recognised in income statement	1	2	3
Gains in OCI transferred to income statement	-	-7	-7
Losses recognised in other comprehensive income	-97	-	-97
Additions	9	-	9
Disposals	-3	-94	-97
Closing Balance at 31 December 2013	**361**	**-**	**361**

Unlisted Shares

The unlisted shares consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 3.67% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by EUR +104 million and EUR -104 million, respectively. A +/- 1% change in the discount rate would change the valuation by EUR -91 million and EUR +208 million, respectively.

Stora Enso Shares

TRADING VOLUME

	Helsinki		Stockholm	
	A share	**R share**	**A share**	**R share**
October	142 590	83 463 841	247 162	15 945 366
November	135 294	57 345 706	185 609	13 231 124
December	91 721	47 677 082	126 168	12 438 988
Total	**369 605**	**188 486 629**	**558 939**	**41 615 478**

CLOSING PRICE

	Helsinki, EUR		Stockholm, SEK	
	A share	**R share**	**A share**	**R share**
October	6.72	6.58	61.90	60.75
November	7.22	7.13	66.15	66.05
December	7.48	7.44	70.15	70.15

AVERAGE NUMBER OF SHARES

Million	**Q4/14**	**Q4/13**	**Q3/14**	**2014**	**2013**
Periodic	788.6	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6	788.6
Cumulative, diluted	789.6	788.6	789.5	789.2	788.6

CALCULATION OF KEY FIGURES

Operational return on capital employed, operational ROCE (%)	100 x	Operational EBIT / Capital employed[1) 2)]
Operational return on operating capital, operational ROOC (%)	100 x	Operational EBIT / Operating capital[1) 2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity[2)]
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Interest-bearing net liabilities / Equity [3)]
EPS		Net profit/loss for the period[3)] / Average number of shares
Operational EBIT		Operating profit/loss excluding NRI and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding NRI and fair valuations of its equity accounted investments (EAI)
Operational EBITDA		Operating profit/loss excluding fixed asset depreciation and impairment, share of results of equity accounted investments, NRI and fair valuations
Net debt to operational EBITDA ratio		Interest-bearing net liabilities / Operational EBITDA
Last 12 months (LTM)		12 months prior to the reporting date
TRI		Total recordable incident rate = number of incidents per one million hours worked
LTA		Lost-time accident rate = number of lost-time accidents per one million hours worked

1) Capital employed = Operating capital – Net tax liabilities
2) Average for the financial period
3) Attributable to owners of the Parent

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Stora Enso's first quarter 2015 results will be published on 22 April 2015.
Stora Enso's Capital Markets Day will take place in London on 28 May 2015.

Stora Enso is a leading global provider of renewable solutions in packaging, biomaterials, wood and paper. Our aim is to replace non-renewable materials by innovating and developing new products and services based on wood and other renewable materials. We employ some 27 000 people in more than 35 countries, and our sales in 2014 were EUR 10.2 billion. Stora Enso shares are listed on NASDAQ OMX Helsinki (STEAV, STERV) and Stockholm (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY) on the International OTCQX over-the-counter market.

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